

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF B & H GAS)	CASE NO. 91-127-F
COMPANY, INC.)	

O R D E R

On January 13, 1992, the Commission issued its Order in Case No. 91-127 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On June 3, 1993, B & H Gas Company, Inc. ("B & H") filed its quarterly gas cost adjustment ("GCA"), which is proposed to become effective for the calendar quarter beginning July 1, 1993, to remain in effect until October 1, 1993.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. B & H's notice of June 3, 1993 set out certain revisions in rates which B & H proposed to place into effect, said rates being designed to pass on to its customers its wholesale increase in gas cost. B & H miscalculated its expected gas cost ("EGC") by failing to price all its purchases from B & S Oil & Gas Company at the effective rate. Correcting this error results in an EGC of \$3.8464, an increase of .31 cents per Mcf.

2. B & H's notice set out no refund adjustment.

3. B & H's notice set out a current quarter actual adjustment in the amount of 4 cents per Mcf to compensate for underrecovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of January, February and March 1993. B & H did not use the EGC in effect during those months in calculating its underrecovery, nor did it use the actual sales figures for January and February. The current quarter actual adjustment should be 1.68 cents per Mcf. B & H neglected to include correct previous quarter adjustments in its total adjustment. The correct total adjustment of .006 cents per Mcf is designed to correct the current under-collection as well as under- or over-collections from previous quarters.

4. B & H's notice set out no balance adjustment. A balance adjustment should have been calculated to compensate for remaining under- or over-collections from an expired actual adjustment. Using information available in B & H's filings, the balance adjustment should be .35 cents per Mcf.

5. The combined effect of the above adjustments is B & H's corrected gas cost recovery rate ("GCR") in the amount of \$3.8559 per Mcf, which is a decrease of 3.86 cents per Mcf from its last approved rates.

6. B & H's adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 91-127 dated January 13, 1992,

is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after July 1, 1993.

IT IS THEREFORE ORDERED that:

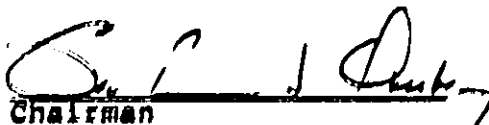
1. The rates proposed by B & H be and they hereby are denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with service rendered on and after July 1, 1993.

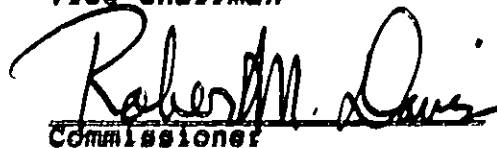
3. Within 30 days of the date of this Order, B & H shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 23rd day of June, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-127-F DATED JUNE 23, 1993

The following rates and charges are prescribed for the customers served by B & H Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 2 Mcf	\$4.7938	\$7.7023	\$12.4961
Next 8 Mcf	1.9788	3.8559	5.8347
Next 20 Mcf	1.5611	3.8559	5.4170
Over 30 Mcf	1.3103	3.8559	5.1662

A surcharge in the amount of 3 cents per Mcf shall be added to the above rates until the obligation owed Kentucky West Virginia Gas Company has been discharged or is recalculated.